

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 20783
CASE NO. 20784

Application of Cimarex Energy for
compulsory pooling in Eddy County
New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, OCTOBER 3, 2018

SANTA FE, NEW MEXICO

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetz,
Examiner, Dylan Rose-Coss, Examiner, and David Ames,
Legal Counsel, on Thursday, October 3, 2019, at the New
Mexico Energy, Minerals, and Natural Resources Department,
Wendell Chino Building, 1220 South St. Francis Drive,
Porter Hall, Room 102, Santa Fe, New Mexico

Reported by: Mary Therese Macfarlane
New Mexico CCR 122
PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

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I N D E X

| | | |
|---|-----------------------------------|------|
| 1 | | |
| 2 | CASES NOS. 20783 AND 20784 CALLED | PAGE |
| 3 | | |
| 4 | APPLICANT WITNESSES: | |
| 5 | CAITLIN PIERCE | 5 |
| 6 | (By affidavit) | |
| 7 | HARRISON HASTINGS | 7 |
| 8 | (By affidavit) | |
| 9 | TAKEN UNDER SUBMISSION | 10 |

E X H I B I T I N D E X

| | | |
|----|-----------------|----------|
| 10 | | |
| 11 | APPLICANT | CASE NO. |
| 12 | EXHIBIT | ADMITTED |
| 13 | A | 9 |
| 14 | A-1 through A-8 | 9 |
| 15 | B | 9 |
| 16 | B-1 through B-8 | 9 |
| 17 | C | 9 |
| 18 | D | 9 |

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1 (Time noted 2:52 p.m.).

2 EXAMINER GOETZ: Back on.

3 Case 20783

4 MR. HOUGH: Yes, Mr. Examiner.

5 EXAMINER GOETZ: Come one up.

6 MR. HOUGH: I would like this to be heard with
7 20784, as well.

8 EXAMINER GOETZ: Very good.

9 So call Case No. 20783, Application of
10 Cimarex Energy for a compulsory pooling in Eddy County,
11 New Mexico; Case No. 20784, Application of Cimarex Energy
12 for Compulsory Pooling, Eddy County, New Mexico.

13 Call for appearances.

14 Mr. HOUGH: Lance D. Hough of the office of
15 Modrall & Sperling for the Applicant.

16 EXAMINER GOETZ: Thank you. And let's see your
17 affidavit.

18 MR. PADILLA: Ernest L. Padilla for EOG
19 Resources.

20 EXAMINER GOETZ: Okay.

21 MR. PADILLA: We don't object to the application
22 but we do have a request that instead of 30 days for
23 payment of monies, that be extended to 90 days. I don't
24 know whether Cimarex would have a problem with that.

25 EXAMINER GOETZ: It's coming up.

1 MS. LUCK: Kaitlyn Luck of the Santa Fe office
2 of Holland & Hart on behalf of OXY USA.

3 I think we are not opposed to the case
4 being presented by affidavit, we are just looking for the
5 exhibits.

6 EXAMINER GOETZ: Let's get them and pass them
7 out, and make sure all those people who are part of this
8 application get copies.

9 MR. HOUGH: I guess there is a point of
10 clarification. I understand there may be a request to do
11 a little more expedited version of the affidavit cases.

12 EXAMINER GOETZ: Well, what we are interested in
13 is we don't want you to describe every content in here.
14 Basically if you can just run through what the exhibits
15 are. It's fast and sweet, but don't go into detail on
16 what the content is, because you can't testify to its
17 content anyway.

18 MR. HOUGH: So our application includes two
19 cases. And Exhibit A is the Affidavit of Caitlin Pierce.
20 She is the landman involved in this case. She has
21 previously been qualified by the Division as an expert in
22 land matters.

23 Here in her affidavit she is providing what
24 is sought in these two cases, just two units. They are
25 both, I don't know how much detail you want, but the west

1 half of of Section 34 and the west half of Section 3, both
2 in Township 25 South, Range 26 East, in Eddy County, New
3 Mexico so she provided here her explanation that, you
4 know, prior to filing the applications Cimarex made a
5 good-faith effort to obtain voluntary joinder and
6 contacted those entitled to notice, and there is no
7 opposition expected here.

8 For the actual cases she's included,
9 attached to her affidavit, A-1, which is the application
10 For Case 20783, which provides the relief requested here,
11 which is pooling of uncommitted interests on the west
12 half, west half of these sections, referring to Sections
13 34, Section 3. These are to be dedicated to the Hayduke
14 34-3 Fed Com 8H and 10H wells

15 She also provides -- in her affidavit she
16 provides the pool. It's the Bone Spring pool, listed as
17 WC-015 G-03 S252636N.

18 She provides that the wells are going to be
19 orthodox, comply with the setback requirements.

20 A-2 is a lease track map, which is the
21 working interests to be pooled, and then just behind that
22 is an extra sheet with the list of the override interests
23 to be pooled.

24 Moving to -- there's no depth severances in
25 these spacing units.

1 She provides A-3, the sample of the
2 Proposal Letter sent out. This has gone out to all the
3 overrides.

4 Exhibits -4, -5, -6, there's --

5 EXAMINER GOETZ: Well, we will maybe even
6 go faster. So basically we have a duplication for each of
7 the applications with regard to each case, at least the
8 track map plus supporting information, as well as the AFE.

9 Do you have your rates in your overrides
10 for both?

11 MR. HOUGH: In the affidavit on page 4, Ms.
12 Pierce provides she seeks overhead and administrative
13 costs of \$7,000 during the drilling, \$700 per month while
14 producing.

15 EXAMINER GOETZ: So it's in there. All right.
16 Well, then let's move to Exhibit B.

17 MR. HOUGH: Okay. So Exhibit B is a geologist's
18 affidavit.

19 The geologist involved here is Harrison
20 Hastings. Again he has been previously qualified as an
21 expert. He provides here his Exhibit B-1, which is the
22 locator map identifyinG the proposed area in proximity to
23 the Capitan Reef. B-2 is a locator map for the cross
24 section with wells

25 B-3 is a winerack for the Greater Hayduke

1 Development Plan, which includes Wolfcamp wells which have
2 already been through this process, but it identifies the
3 four wells there in the Bone Spring Formation.

4 Exhibit B-4 is a deep structure map.

5 B-5 is a stratigraphic Cross section for
6 the 8H. The 9H wells in the second page there are a
7 little more zoomed in for clarification purposes.

8 No. 6, this is a sand net porosity map.
9 Let's see here.

10 No. 7 has the same name but just for the
11 10H and 11H wells, so you'll have the -- I'm sorry, the
12 cross section as I explained it for the previous exhibit.

13 And then for No. B-8, this is net porosity
14 map, as well.

15 And then -- so that's it for the B
16 exhibits.

17 Any questions on those ones?

18 EXAMINER GOETZ: No.

19 MR. HOUGH: And then Exhibit C is the affidavit
20 from myself providing that we've sent out Notice Letters
21 with the application, and attached to my affidavit is a
22 mailing list/mailling reports giving the status of each
23 mailing, and then an Affidavit of Publication for each of
24 the cases individually. And all the individuals in the
25 notice have been listed in those applications.

1 And then Exhibit D, we've included here is
2 really what the Division previously asked as an
3 Exhibit A.

4 So we have one for each case, 20783 and
5 20784.

6 EXAMINER GOETZ: Very good.

7 So this is available electronically?

8 MS. HOUGH: Yes. We always send in this in the
9 day after the hearing. We could provide it as soon as you
10 would like.

11 EXAMINER GOETZ: So at that point -- ask him to
12 submit the exhibit as an affidavit or...

13 MR. HOUGH: So may I move the admission of -- we
14 will do Exhibit A, Affidavit, and then A-1 through -8;
15 Exhibit B, the geology affidavit, and Exhibits B-1 through
16 -8; and then Exhibit C and Exhibit D.

17 THE SPECIAL MASTER: Mr. Padilla?

18 MR. PADILLA: No objection.

19 MS. LUCK: No objection.

20 THE SPECIAL MASTER: Okay. Exhibits A, A-1
21 through -8 are entered. B, B-1 through B-8 are entered.
22 And C and D are also accepted into record as part of the
23 affidavit.

24 Mr. Padilla?

25 MR. PADILLA: Just simply request that instead

1 of 30 days for submitting money after the Schedule of Well
2 Costs is submitted following the Order, that 30 days be
3 extended to 90 days.

4 MR. HOUGH: And I spoke with Ms. Pierce this
5 morning, and Cimarex has no issue with that. They are
6 fine with the 90-day period.

7 EXAMINER GOETZ: Do you have any?

8 MS. LUCK: I have no requests. Thank you.

9 EXAMINER GOETZ: Okay. Good.

10 With that we will take Cases 20873 and
11 20874 under submission.

12 MR. HOUGH: Thank you.

13 (Time noted 3:02 p.m.)
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REPORTER'S CERTIFICATE

I, MARY THERESE MACFARLANE, New Mexico Reporter
CCR No. 122, DO HEREBY CERTIFY that on Thursday, October
3, 2019, the proceedings in the above-captioned matter
were taken before me; that I did report in stenographic
shorthand the proceedings set forth herein, and the
foregoing pages are a true and correct transcription to
the best of my ability and control.

I FURTHER CERTIFY that I am neither employed by
nor related to nor contracted with (unless excepted by the
rules) any of the parties or attorneys in this case, and
that I have no interest whatsoever in the final
disposition of this case in any court.

MARY THERESE MACFARLANE, CCR
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